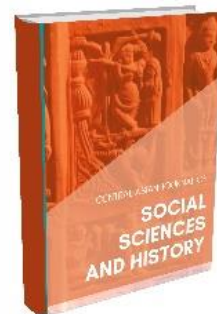




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The Importance of the Private Entrepreneurship and Small Business Support Fund (Business Fund) in the Development of Entrepreneurship

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Annotation:

This article talks about the period of activity of the Private Entrepreneurship and Small Business Support Fund (Business Fund). An attempt was made to reveal the contribution of the business fund to the development of entrepreneurship during the period of its activity, and its historical significance.

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After the Republic of Uzbekistan gained its independence, it paid great attention to the development of such areas as economy, industry, business, and private entrepreneurship. It has been implementing planned programs since independence until today in order to improve the economic sectors. Based on the experience of the world, the main factor for developing small business and entrepreneurship and forming a layer of owners is to open a wide path for entrepreneurial activity. As stated by the head of state Shavkat Mirziyoev, “one of our main tasks is to support entrepreneurship and small business sector, to create favorable conditions for strengthening the economic power of Uzbekistan, peace and stability in our country, social harmony, and further increasing the share of small business and entrepreneurship in the economy”.[1]

During the development of small business and private entrepreneurship, the ground will be created to eliminate the social problem in the society - unemployment, as well as through the development of these areas, the working class operating in this area will have a permanent source of income. In another aspect, small business and private business sectors differ from large factories and enterprises by their flexibility to the market, which makes it possible to easily change the way they operate in times of crisis and produce a demanding product. It is known that the policy of the world economy

requires the creation of a special fund apart from the banks conducting public finance and monetary credit policy. This point can be seen in the experience of economically and socially developed countries. This situation is clearly reflected in the role of the American Central Asian Fund, the European Development Bank and similar organizations in the economy of our republic, as well as their activities with entrepreneurs. Based on this experience, a number of practical works were carried out in order to support small business and private entrepreneurship in the first years of independence. One of them was established on July 30, 1993, "Fund to support the development of small and medium-sized businesses". [2]

Later, the name of this fund was reorganized as Private Entrepreneurship and Small Business Support Fund (July 26, 1995). This fund is an open joint-stock company, a non-governmental organization that supports the development of entrepreneurship and small business in the Republic of Uzbekistan. Business Fund has 14 offices and 174 information consulting centers in Karakalpakstan, regions and Tashkent city. Business Fund operates in accordance with the Law "On Protection of Joint-Stock Companies and Shareholders' Rights" (25.4.1996) and develops farmers' farms; processing of agricultural products; development of local industry; building and construction industry; development of service areas; provides preferential credit for business activities in such fields as tourism. The credit period is 3-10 years, the payment period can be extended to 2-5 years. Loan interest rate is 10 - 25%. [3]

The main goal of establishing a business fund is to develop private entrepreneurship and small business, to increase the financial possibilities of production in non-state sectors of the economy in all regions of the country, to provide loans and preferential loans to investment projects with the necessary funds, the main task of the fund was to participate in charter capital of private entrepreneurship and small business entities, as well as to provide information and consulting services to representatives of small business and private entrepreneurship. [4]

The main sources of resources of the private entrepreneurship and small business support fund are 50% of the funds obtained through the sale of state property, dividends belonging to the state from the activities of joint-stock companies with participation of state property, 10% of the funds received for the employment assistance fund, legal of individuals (residents of the Republic of Uzbekistan), as well as international financial organizations and foreign legal entities. [5] In 1996, thanks to the loans allocated by the Business Fund, 1009 enterprises were established, and 13228 jobs were created in these enterprises. [6] In 1995, only 17 enterprises were allocated loans by the business fund due to the fact that the funds obtained through the sale of state property did not reach the fund on time. As mentioned by the first president of the Republic of Uzbekistan, the establishment of small and private enterprises is the basis of the market economy. It is difficult to achieve the intended goals if there is no emphasis on the development of a small but effective industry. [7]

In the period from July 1995 to July 1996, the main activities of the business fund were focused on the following:

- a. Improvement of regulatory and legal frameworks;
- b. Financial support for entrepreneurs;
- c. Development of local infrastructure in order to develop entrepreneurship;
- d. Development of international relations and attraction of foreign investments;
- e. Informational and technological support of entrepreneurship. [8]

From October 1995 to June 1996, the business fund allocated 1,836.0 million soums of loans to 1,668 projects of entrepreneurs. More than 15.9 billion soums of products will be developed and provided in exchange for these allocated loans, and more than 12.3 thousand new jobs will be created locally. [9] On February 26, 1997, at a meeting chaired by the President of the Republic of Uzbekistan, I. Karimov, dedicated to “Results of socio-economic development of the Republic of Uzbekistan in 1996 and priority directions of economic reforms to be implemented in 1997”, the head of state They visited several organizations and emphasized the activities of the Business Fund and emphasized that “one of the important tasks of 1997 is to raise small and private entrepreneurship and small business to a qualitatively new level”. [10]

By January 1, 1997, the number of projects put forward by entrepreneurs was 2311, and the amount of allocated loans reached 2.84 billion. By this period, 18,700 new places were built and 22.6 billion soum worth of products were produced.[11]

From the analysis of the loans allocated in the first 3 years after the reorganization of the business fund, 70 percent of the funds were directed to the development of rural infrastructures. Loan funds allocated for these investment projects were used in 6 priority directions. In particular,

- 20.1 percent for processing of agricultural products;
- 24.7 percent for the development of farms;
- 14.3 percent to construction and construction industry;
- 24.8 percent to the development of local industry
- 15.8 to the development of the service sector;
- 0.2 percent was spent on tourism development.[12]

The priority of projects related to the development of rural infrastructure in the consideration of investment projects is shown in the following table.

S/N	Region	Number of projects	Allocated funds (thousand soums)	In percent
1	Karakalpakstan	178	227691	8
2	Andijon	185	214549	8
3	Bukhara	175	181439	6
4	Jizzakh	216	179579	6
5	Kashkadarya	169	202638	7
6	Navoiy	161	143607	5
7	Namangan	182	180652	6
8	Samarkand	238	249270	9
9	Surkhandarya	150	194824	7
10	Sirdarya	117	125697	4
11	Tashkent region	76	201653	7
12	Ferghana	200	160743	6
13	Khorezm	186	189254	7
14	Tashkent city	77	369975	14

* Prepared by the author based on archival data.

The business fund ended its activity in 2003 according to the decree of the head of state “On improving the mechanism of financial support for small business entities”. [13]

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